

# FISCAL NOTE

**Bill #:** HB0063

**Title:** Revise law governing building codes

**Primary**

**Sponsor:** Bruce Simon

**Status:** As amended in House Business and Labor Committee

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$8,500	\$25,500
<b>Revenue:</b>	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

1. In order to fulfill the requirement to adopt the latest editions of all model codes within six months of publication, and due to the historically staggered publication dates of the codes listed, a separate ARM adoption process will be required as each new edition of a code is published.
2. Since the Building Codes Division typically completes the ARM process once per year, one additional ARM process may be required annually to meet the requirements for adoption within six months of any new edition of a model code on "off" years and three additional ARM processes may be required every three years in order to adopt the remaining codes which are typically published on a three year cycle.

(continued)

3. The costs associated with each ARM process, including assembling the Building Codes Advisory Council for review of the proposals, are estimated at \$8,500 (including notices, cost of replacement pages, printing postage, etc). For example, one additional ARM process annually is projected to cost \$8,500 and three ARM processes annually is projected at \$25,500.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
FTE		
<u>Expenditures:</u>		
Operating Expenses	\$8,500	\$25,500
<u>Funding:</u>		
State Special Revenue (02)	\$8,500	\$25,500
<u>Revenue:</u>	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	(\$8,500)	(\$25,500)

TECHNICAL NOTES:

1. HB63 requires the latest edition of the model codes to be adopted within six months of the publication date. Since the model codes have historically staggered publication dates (months and years) a separate ARM rules adoption process may be required for each new edition of any code published. It is estimated, the ARM rulemaking process may be initiated as many as four times per year every third year and two times per year in other years.
2. Although HB63 lists by title the historical and presently adopted model codes utilized in the State of Montana, most of the codes listed are in their last edition, and will not be published again. Most of the codes listed in HB63, other than the National Electrical Code and Uniform Plumbing Code, will be replaced with the International family of codes, which includes a replacement code for all codes listed, except the National Electrical Code and Uniform Plumbing Code.
3. The CABO 1&2 Family Dwelling Code has already been replaced with the International 1&2 Family Dwelling Code (although not adopted yet by the Department). It will subsequently be replaced by the International Residential Code in 2000 or 2001. HUD will likely adopt and recognize the International 1&2 Family Dwelling Code, and subsequently, the International Residential Code, since the CABO 1&2 Code will no longer be available, and will only recognize Montana as a HUD Category III State if Montana has adopted the same code. Homeowners and builders applying for a HUD/VA/FHA loan will require a separate application and plan review process and will not be on the automatic HUD "fast track" approval if Montana has not adopted the same code as HUD and if not listed as a HUD Category III State.
4. The six months established by HB63 for the adoption of codes from the publication date is not enough time to complete the ARM process since all proposals are reviewed and approved by the Building Codes Advisory Council.